

Phaunos Timber Fund Limited Announces Uruguayan Investment in Pine Plantations

Phaunos Timber Fund Limited (“Phaunos”) announced today the establishment of Aurora Forestal SA, a joint venture with the prominent Uruguayan industrialist family led by Lorenzo Balerio. Phaunos will initially invest US\$21 million into the new company for a minority interest, with additional investment anticipated beginning in 2008.

“The Balerio family has been a leader in Uruguay’s forest products industry for over 30 years,” said Michael Clasby, FourWinds Capital Management’s Director of Investments and Acquisitions. “They are contributing the assets of their pine plantations and saw mill operations located in Rivera and Tacuarembó.” The plantations include over 18,500 hectares of land and are FSC certified. Lorenzo Balerio will be Aurora Forestal SA’s Chief Executive Officer, with other key members of the management team staying in place.

“The Balerio family is pleased to enter into the next phase of our continued long-term commitment to forestry in Uruguay,” said Mr. Balerio of the new company. “In Phaunos we have identified a long-term partner and strategic ally to realize the potential our family has been creating for generations in our companies.”

Keith Oates, Chairman of Phaunos’ Board of Directors, commented: “Phaunos is very happy with this alliance which provides us with immediate operating cash flow and some of the most professionally managed mixed-age pine forest we have ever seen. We are particularly delighted with the Balerios long-standing commitment to FSC management of its lands. We look forward to further investments with the Balerios.”

Phaunos Timber Fund Limited is a closed-end Guernsey Investment Company listed on the Channel Island Stock Exchange (PTF) and traded on AIM, a subsidiary of the London Stock Exchange. It invests in timberland and timber-related assets internationally and is managed by FourWinds Capital Management. For further information about the fund and its investment strategies, please visit www.phaunostimber.com.

Enquiries:

Phaunos Timber Fund Limited
Kimberly Tara
Liane Luke

001 617 399 0074

Four Winds Capital Management Limited
Mason Brown

001 617 502 1181

Shore Capital
Guy Peters

020 7408 4090

Company Secretary
Anson Fund Managers Limited

01481 722260

18 September 2007

E&OE – In Transmission